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August 19, 1998

**BY OVERNIGHT MAIL**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

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**Re: CC Docket No. 98-117**

Dear Ms. Salas:

Enclosed for filing please find an original plus six (6) copies of the Comments of the Frontier Telephone Companies in the above-docketed proceeding.

To acknowledge receipt, please affix an appropriate notation to the copy of this letter provided herewith for that purpose and return same to the undersigned in the enclosed, self-addressed envelope.

Very truly yours,

Michael J. Shortley, III

cc: Mr. Anthony Dale, Accounting  
Safeguards Division

International Transcription Service

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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

**In the Matter of** )  
 )  
**1998 Biennial Regulatory** )  
**Review -- Review of** )  
**ARMIS Reporting Requirements** )

**CC Docket No. 98-117**

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**COMMENTS OF THE  
FRONTIER TELEPHONE COMPANIES**

The Frontier Telephone Companies submit these comments in response to the Commission's Notice initiating this proceeding.<sup>1</sup> In part, the Commission proposes to streamline its ARMIS reporting requirements for exchange carriers whose aggregate affiliated revenue is less than \$7 billion. The proposed streamlining would permit mid-sized exchange carriers to eliminate 21 of the 27 tables currently reported on ARMIS 43-02 and to report data on the ARMIS 43-03 and the 495A and 495B reports at the Class B level of detail.<sup>2</sup>

The Frontier Telephone Companies strongly support this proposal. The current reporting requirements -- which were designed primarily for the large price cap exchange carriers -- impose significant burdens on Frontier. As the Commission correctly notes, "on a pre-access-line basis, the cost of complying with the full ARMIS reporting requirements is substantially higher for mid-size incumbent LECs than for large incumbent LECs . . . . Reducing the reporting

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<sup>1</sup> 1998 Biennial Regulatory Review -- Review of ARMIS Reporting Requirements, CC Dkt. 98-117, Notice of Proposed Rulemaking, FCC 98-187 (July 17, 1998) ("Notice").

<sup>2</sup> Notice, ¶¶ 8-12.

requirements on mid-sized carriers would eliminate a costly reporting burden on those carriers that must recover the cost from a smaller number of customers."<sup>3</sup>

The Commission's proposed streamlining, if adopted, would permit Frontier to deploy its regulatory resources in a manner more suited to serve customers. This, of itself, constitutes a significant public interest benefit.

Moreover, the proposed streamlining would not impair the Commission's necessary oversight functions. As the Commission notes, it would still receive detailed data covering over 90% of the Nation's access lines,<sup>4</sup> and would continue to receive data -- albeit somewhat abbreviated -- from the mid-sized exchange carriers.

In addition, the Commission's major oversight appears to be protecting "ratepayers from the effects of improper cost allocations."<sup>5</sup> That is certainly a legitimate concern. However, under the Commission's streamlining proposal, it would still receive data from the mid-sized exchange carriers on affiliate transactions.<sup>6</sup> Moreover, with mid-sized exchange carriers -- including virtually all of the Frontier Telephone Companies -- under price-cap regulation, the effects of any improper affiliate transactions on ratepayers is attenuated. Under price cap regulation, increases in costs do not translate into rate increases.

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<sup>3</sup> Notice, ¶ 6.

<sup>4</sup> *Id.*, ¶ 7.

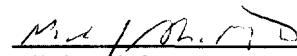
<sup>5</sup> *Id.*

<sup>6</sup> *Id.*, ¶ 9.

The Commission may easily make the statutory finding that the current reporting requirements it proposes to eliminate are "no longer necessary in the public interest."<sup>7</sup>

For the foregoing reasons, the Commission should act upon the proposals contained in the Notice in the manner suggested herein.

Respectfully submitted,



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August 19, 1998

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<sup>7</sup>

47 U.S.C. § 161.